

PORAC RETIREE MEDICAL TRUST

Information to Compare Projected Benefits to Contributions Made

November 2010

DURATION OF TRUST PARTICIPATION AT \$100/MONTH	UNIT MULTIPLIER	TOTAL AMOUNT OF CONTRIBUTIONS AND IMPACT ON TAKE HOME PAY***	MONTHLY BENEFIT LEVEL*	BREAK EVEN POINT**	TOTAL AMOUNT OF BENEFITS AFTER 20 YRS. OF RETIREMENT
6 years	\$0.67	\$7,200 Pre Tax	\$96.48	75 mos. (or 6 yrs. & 3 mos.)	\$23,155.20
12 years	\$0.67	\$14,400 Pre Tax	\$192.96	75 mos. (or 6 yrs. & 3 mos.)	\$46,310.40
20 years	\$0.67	\$24,000 Pre Tax	\$321.60	75 mos. (or 6 yrs. & 3 mos.)	\$77,184.00
6 years	\$0.67	\$4,823.50 Take home	\$96.48	50 mos. (or 4 yrs. & 2 mos.)	\$23,155.20
12 years	\$0.67	\$9,647.04 Take home	\$192.96	50 mos. (or 4 yrs. & 2 mos.)	\$46,310.40
20 years	\$0.67	\$16,078.40 Take home	\$321.60	50 mos. (or 4 yrs. & 2 mos.)	\$77,184.00

* The monthly benefit levels contained in the above chart are examples. They were calculated according to the formula set forth in Section 3.3 of the Medical Expense Reimbursement Plan of the PORAC Retiree Medical Trust, i.e., by multiplying the number of Active Service Units ("ASU") an employee has earned by the Unit Multiplier ("UM").

** The "break even point" is the amount of time it would take for a Retiree to receive reimbursement benefits equal to the amount of monthly contributions he/she made during employment. These numbers have been rounded to the nearest whole month.

*** The "impact on take home pay" is an estimate based on a \$70,000 annual salary with no additional pre-tax deductions claiming married with 2 dependents.

EMPLOYEES WITH LESS THAN FIVE YEARS UNTIL RETIREMENT

Employees joining the Trust who retire with less than five years of Active Service have the following options:

- 1) A retiring Employee with 42-59 months of Active Service may self-pay contributions for up to 18 months under COBRA to earn the 60 months (five years) required to receive lifetime+ monthly reimbursement benefits.
- 2) The Trust will convert sick/vacation leave transferred to the Trust into ASU up to five years required to receive lifetime+ monthly reimbursement benefits. Note that the Trust will only accept leave transfers made pursuant to a Memorandum of Understanding or side letter agreement.
- 3) If the Employee cannot or does not reach the five year Active Service requirement under options #1 - #2 (above), he/she will still be eligible for benefits limited to the amount of his/her contributions. (Note that investment earnings/losses and administrative expenses will be applied against that amount.) There will be no taxation on such benefits.

+ *The Plan is currently written to provide benefits for most Retirees until death. However, this is not guaranteed. The Trustees reserve the right to modify or terminate benefits as necessary to preserve the financial soundness of the Plan.*

BENEFIT LEVEL CALCULATION

Active Service Unit. For each monthly contribution of \$50 an employee earns one ASU (e.g., if an association has a contribution rate of \$100/month, each employee in that association will earn two ASUs for each month of contributions).

Unit Multiplier. The Board of Trustees, with the assistance of a professional actuary, will set the UM from time to time. Currently, the UM is \$0.67.

The Trustees reserve the right to modify the UM and benefit level calculation formula at any time for existing and future beneficiaries. Such modification is most frequently attributable to favorable or adverse demographic or investment experience of the Trust.